

Message Text

CONFIDENTIAL

PAGE 01 STATE 399530
ORIGIN ARA-03

INFO OCT-01 ISO-00 /004 R

66011
DRAFTED BY ARA/ECP:DTAHER:LM
APPROVED BY ARA/ECP:SHROGERS
-----311207Z 040216 /12

R 310122Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO

C O N F I D E N T I A L STATE 299530

FOLLOWING REPEAT STATE 299530 ACTION MANAGUA
INFO GUATEMALA JAKARTA PANAMA 09 DEC 76

QUOTE

C O N F I D E N T I A L STATE 299530

E.O. 11652: GDS

TAGS: BENC, FCRE, EINV, ENRG, PFOR, SENV, ID, MU, PN, 'S

SLBJECT: NICARAGUA'S PROPOSED TRANS-ISTHMIAN PIPELINE

REF: MANAGUA 5474

SUMMARY: DEPT. HAS NO INFO ABOUT A GROUP SUPPOSEDLY INTERESTED IN TRANS-NICARAGUAN PIPELINE ALTHOUGH WE HAVE BEEN APPROACHED BY FERDANDO GALLO, WHO IS CURRENTLY PROMOTING A PIPELINE ACROSS GUATEMALA. FEA IS PREPARING A LENGTHY STUDY, WHICH HAS BEEN WIDELY REPORTED IN THE PRESS, OF ALTERNATIVES AVAILABLE FOR TRANSPORTATION OF ALASKAN CRUDE. AT THIS POINT, PENDING COMPLETION OF FEA'S STUDY AND DEVELOPMENT OF CONCLUSIONS BASED UPON
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 399530

IT, EMBASSIES SHOULD AVOID GIVING ENCOURAGEMENT TO
TRANS-ISTHMIAN PROJECTS. END SUMMARY.

1. NEITHER DEPARTMENT NOR FEDERAL ENERGY ADMINISTRATION (FEA) KNOW OF THE CALIFORNIA CONSORTIU; OR THE MR. SAWYER MENTIONED BY PRESIDENT SOMOZA AS INVOLVED IN PRO-

POSED PROJECT. DEPARTMENT, FEA, AND OTHERS HAVE BEEN APPROACHED OVER PAST FEW MONTHS BY FERNANDO GALLO, APPARENTLY A GUATEMALAN BUSINESSMAN, WHO IS ACTIVELY PROMOTING CONSTRUCTION OF A TRANS-GUATEMALAN PIPELINE

AND WHO, WE UNDERSTAND, WAS AT AN EARLIER POINT INVOLVED IN PLANS FOR OTHER PIPELINES ACROSS CENTRAL AMERICA. GALLO CLAIMS STRONG FINANCIAL AND GOG BACKING ALTHOUGH THERE IS LITTLE OR NO SUBSTANTIATION OF THESE CLAIMS.

2. DEPARTMENT POUCHING TO ALL ADDRESSEE ECON OFFICERS (EXCEPT JAKARTA) UNCLASSIFIED "EXECUTIVE SUMMARY", DATED 11/30/76, OF A STUDY BY FEA ENTITLED 'AN ANALYSIS OF THE ALTERNATIVES AVAILABLE FOR THE TRANSPORTATION AND DISPOSITION OF ALASKAN NORTH SLOPE CRUDE. THE STUDY, WHICH IS NOT YET READY IN FINAL FORM, HAS BEEN WIDELY REPORTED IN THE PRESS. IT DESCRIBES THE PROBLEM AT ISSUE, I.E., AN EXCESS OF APPROXIMATELY 600,000 BARRELS/DAY BY 1978 AND 1 MILLION BARRELS/DAY BY 1980 OF ALASKAN CRUDE IN THE WEST COAST REGION AND NECESSITY TO MOVE THE EXCESS TO ALTERNATIVE MARKETS. IT DISCUSSES VARIOUS TRANSPORTATION METHODS AND OTHER ALTERNATIVES: I.E., FOUR POTENTIAL PIPELINE SYSTEMS, BRIEFLY SUMMARIZED BELOW, AS WELL AS AVAILABILITY AND USE OF TANKERS THROUGH THE PANAMA CANAL AND AROUND LAMPY HORN, AND THE POSSIBILITY OF EXCHANGE AGREEMENTS WITH CANADA OR JAPAN. IT DISCUSSES THE ALTERNATIVES IN TERMS OF ECONOMICS, ENVIRONMENTAL CONSIDERATION, TIME OF CONSTRUCTION, FINANCING, ETC. BUT DOES NOT TRY TO RECOMMEND A PARTICULAR COURSE OF ACTION. IT DOES PLACE THE IDEA OF A TRANS-ISTHMIAN PIPELINE IN PERSPECTIVE, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 399530

HOWEVER, AS ONE OF SEVERAL ALTERNATIVES, SOME OF WHICH MAY BE MORE ATTRACTIVE.

3. PIPELINE ALTERNATIVES ANALYZED ARE AS FOLLOWS: (A) TRANS-PROVINCIAL PIPELINE, FROM KITIMAT, BRITISH COLUMBIA, TO EDMONTON, CONNECTING WITH EXISTING PIPELINES SERVING NORTHERN TIER U.S. REFINERIES; (B) NORTHERN TIEP PIPELINE, NEW PIPELINE RUNNING FROM PORT ANGELES, WASHINGTON TO CLEARBROOK, MINN.; (C) SOHIO/EL PASO PIPELINE INVOLVING NEW TERMINAL FACILITY AT LONG BEACH AND COMBINATION OF NEW PIPELINE AND REVERSAL OF NATURAL GAS LINE TO BE LEASED FROM EL PASO NATURAL GAS CO., CONNECTING AT MIDLAND, TEXAS FOR MOVEMENT TO GULF REFINERIES; (D) CENTRAL AMERICAN PIPELINE THROUGH GUATEMALA FROM LAS LISAS TO SAN FRANCISCO DEL MAR SPONSORED BY THE CENTRAL AMERICAN PIPELINE CO. (GALLO'S OUTFIT). THERE IS NO MENTION OF A PIPELINE THROUGH NICARAGUA. DRAFT STUDY STATES THAT SEVERAL OTHER PROPOSALS (UN-

SPECIFIED) ARE IN "TALKING STAGES BUT NOT FAR ENOUGH
ALONG TO BE CONSIDERED SERIOUSLY.

4. ALTHOUGH THE STUDY WHEN COMPLETED WILL PROBABLY MAKE

NO RECOMMENDATION REGARDING THE MOST ACCEPTABLE ALTERN-
ATIVE, IT WILL SERVE AS A BASIS FOR USG POLICY DECISIONS.
THE EXECUTIVE SUMMARY IMPLIES THAT TANKER SHIPMENT VIA
THE PANAMA CANAL WOULD SEEM TO BE THE MOST VIABLE ALTERN-
ATIVE PENDING PIPELINE COMPLETION, SINCE ALL OF THE PIPE-
LINE PROJECTS WILL REQUIRE 2-3 YEARS FOR COMPLETION, WHILE
SURPLUS ALASKAN CRUDE WILL BEGIN TO ACCUMULATE NEXT YEAR.

5. IN TALKING WITH HOST GOVERNMENT OFFICIALS WHO MAY
APPROACH EMBASSY FOR SUPPORT OF TRANS-ISTHMIAN PIPELINE
PROJECTS, EMBASSY SHOULD TRY TO PLACE PROJECT IDEAS IN PER-
SPECTIVE VIS-A-VIS OTHER PROPOSALS WHICH MAY HAVE MORE
ECONOMIC AND/OR POLITICAL JUSTIFICATION. FEA'S ANALYSIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 399530

IS NOT YET FINISHED AND, FURTHERMORE, FINAL DECISION ON
THE BEST METHOD TO DISPOSE OF ALASKAN CRUDE MAY ULTIMATELY
REST WITH THE CONGRESS. HENCE GON SHOULD NOT BE GIVEN IM-
PRESSION THAT US WILL SUPPORT TRANS-ISTHMIAN PIPELINE.
ROBINSON
UNQUOTE.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, CONSTRUCTION, PETROLEUM PIPELINES, ALLEGATIONS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE399530
Document Source: CORE
Document Unique ID: 00
Drafter: DTAHER:LM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D770001-0637
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976121/aaaaaack.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 MANAGUA 5474
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by ifshinsr>; APPROVED <22 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALLEGED PETROLEUM PIPELINE CONSTRUCTION
TAGS: BENC, ECRE, EINV, ENRG, PFOR, SENV, ID, MU, PN, US
To: MEXICO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006